

Message Text

CONFIDENTIAL

PAGE 01 OSLO 02538 121524Z

42

ACTION EB-11

INFO OCT-01 EUR-25 ADP-00 AF-10 ARA-16 EA-11 NEA-10 RSC-01

AGR-20 IO-13 AID-20 CIAE-00 COME-00 FRB-02 INR-10

NSAE-00 TRSE-00 XMB-07 OPIC-12 CIEP-02 LAB-06 SIL-01

OMB-01 NSC-10 SS-15 STR-08 CEA-02 DODE-00 PM-07 H-03

L-03 PA-03 PRS-01 USIA-12 INT-08 TAR-02 RSR-01 /254 W

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R 121414Z JUL 73

FM AMEMBASSY OSLO

TO SECSTATE WASHDC 6851

INFO AMEMBASSY COPENHAGEN

CONFIDENTIAL OSLO 2538

E.O. 11652: GDS

TAGS: EAGR, NO

SUBJ: FOREIGN REACTION TO POTENTIAL US AGRICULTURAL EXPORT

CONTROLS

REF: A. STATE 135419 B. OSLO 2258

1. ESTIMATES OF NORWEGIAN REQUIREMENTS FOR WHEAT, CORN, SORGHUM/BARLEY AND SOYBEANS PROVIDED REFTEL B REMAIN UNCHANGED. NO NEW MAJOR INTERNATIONAL CONTRACTS NOR CHANGES IN OUTPUT HAVE BEEN NOTED IN INTERIM.

2. THE EFFECT SO FAR OF OUR EXPORT CONTROLS ON SOYBEANS AND LIVESTOCK PROTEIN MEAL HAVE BEEN MINIMAL IN NORWAY. TWO OF THREE SOYBEAN EXTRACTION PLANTS HAVE SUFFICIENT SOYBEAN SUPPLIES UNTIL NEW CROP AVAILABLE IN OCTOBER. SHIPMENTS FROM BRAZIL HAVE SUPPLEMENTED US SUPPLIES. ONE CRUSHER, HOWEVER, DE-NO-FA LILLE-BORG, HAD TWO 18,000 TON SHIPMENTS WHICH WERE CAUGHT BY THE 50 PERCENT LIMITATION ON US SOYBEAN EXPORTS. BRIEF NEWS ITEM DESCRIBED COMPANY'S PLIGHT AND ITS REQUEST TO FOREIGN OFFICE THAT NORWEGIAN EMBASSY WASHINGTON SEEK EXEMPTION FOR THESE TWO SHIP-
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PAGE 02 OSLO 02538 121524Z

MENTS. COMPANY DIRECTOR ADMITTED HOWEVER THAT REDUCED SHIPMENT OF

SOYBEANS WOULD NOT HAVE SERIOUS EFFECT ON HIS OPERATIONS.

3. THERE HAVE BEEN NO OFFICIAL DECLARATIONS REGARDING US EXPORT CONTROLS ON AGRICULTURAL PRODUCTS AND NONE ARE EXPECTED. HOWEVER, WITHIN THE SOYBEAN AND GRAIN TRADE RECENT US RESTRICTIVE ACTIONS HAVE BEEN THE SUBJECT OF MUCH SARCASM. SOYBEAN CRUSHERS ARE ESPECIALLY ANNOYED BECAUSE THEIR SALES CONTRACTS DO NOT COVER EXPORT CONTROLS AND THEY EXPECT MANY COMPENSATION LAWSUITS FROM THEIR MEAL BUYERS. THE STATE GRAIN CORPORATION IS CONSIDERING THE POSSIBILITY OF BUYING OUT ENTIRE NORWEGIAN FISH MEAL PRODUCTION AND BARTERING IT AGAINST SOYBEANS.

4. FOREIGN MINISTRY OFFICIAL TO WHOM WE GAVE COPIES OF OUR ANNOUNCEMENTS ON EXPORT CONTROLS HAPPENED TO BE RESPONSIBLE ALSO FOR GATT MATTERS. HE COMMENTED THAT OUR IMPOSITION OF EXPORT CONTROLS ON SUCH VALUABLE AGRICULTURAL PRODUCTS HAS PULLED THE RUG FROM UNDER ON TRADE NEGOTIATORS IN GATT WHO ARE SEEKING A RELAXATION OF THE COMMUNITY'S AGRICULTURAL IMPORT RESTRICTIONS.

5. COMMENT: THE SUDDEN IMPOSITION OF EXPORT CONTROLS ON SOYBEANS HAS CLEARLY REDUCED THE CONFIDENCE OF NORWEGIAN TRADERS IN THE US AS A RELIABLE SOURCE OF SUPPLY. NORWEGIAN FISH OIL AND MEAL PRODUCERS, WHICH HAVE GRADUALLY BEEN PUSHED OUT OF THE MARGARINE BUSINESS BY THE SOYBEAN CRUSHERS, CAN BE EXPECTED TO TAKE ADVANTAGE OF THE PRESENT SITUATION.

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